

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 IGA-01 CIAE-00 DODE-00 PM-03

H-01 INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 EB-07 STR-01 COME-00 TRSE-00 OMB-01

CIEP-01 IO-10 ACDA-05 XMB-02 OPIC-03 EUR-12 PC-01

SIL-01 LAB-04 DEAE-00 SNM-02 NIC-01 /111 W

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 7334

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AMCONSUL MEDELLIN

C O N F I D E N T I A L SECTION 1 OF 2 BOGOTA 1968

EO 11652: GDS

TAGS: PINT, PFOR, CO

SUBJ: THIS WEEK IN COLOMBIA

1. SUMMARY. DURING THE PAST WEEK COLOMBIANS SHOWED REMARKABLY LITTLE INTEREST IN PUBLIC EVENTS. ALTHOUGH THE PERIOD WAS MARKED BY A NUMBER OF EVENTS OF POSSIBLE SIGNIFICANCE FOR THE FUTURE OF THE REPUBLIC, AS WELL AS BY SEVERAL WHICH, WHILE PROBABLY OF ONLY TRANSITORY IMPORT, HELD A HIGH POTENTIAL FOR DEMAGOGIC APPEAL, THE COLOMBIAN PUBLIC AND PRESS PAID THEM ONLY PASSING ATTENTION. THE DECISION TO SEEK RENEWED RELATIONS WITH CUBA GENERATED, HOWEVER, WERE VERY HEATED AND NO REAL DEBATE FOLLOWED THE GOC DECISION. PRESIDENT LOPEZ' NINETY MINUTE SPEECH ON FEBRUARY 20 WAS DULY NOTED BUT LITTLE COMMENTED ON, IN CONTRAST TO EARLIER ADDRESSES WHICH HAD BEEN DISCUSSED AND ANALYZED AT LENGTH BY THE PRESS AND OTHER OPINION LEADERS. THE REQUESTED RESIGNATED OF DEPARTMENTAL GOVERNORS AND OTHER OFFICIALS, WIDELY VIEWED AS AN EFFORT BY LOPEZ TO PERK UP THE LESS THAN DYNAMIC TONE OF THE ADMINISTRATION, WE ALSO NOTED BY THE PUBLIC WITH NOTABLY CALM INTEREST, AS WAS THE ANNOUNCEMENT THAT THE SPECIAL

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SESSION OF THE CONGRESS WOULD CONVENE ON MARCH 11. TWO EVENTS

THAT IN NOT TOO DISTANT TIMES OR PLACES COULD HAVE BEEN THE CAUSE OF OUTPOURINGS OF ANTI-U.S. SENTIMENT, WERE HANDLED BY THE GOC IN ROUTING FASHION. A GUNBATTLE INVOLVING TWO GOC AGENCIES (AND U.S. NARCOTICS AGENTS) LED TO GOC IRRITATION BUT DID NOT INVOLVE INFLAMMARTORY RHETORIC. THE SAME MATTER OF FACT APPROACH MARKED THE ISSUANCE OF A COLOMBIAN DECREE DESIGNED TO REDUCE FOREIGN-ESSENTIALLY US - HOLDINGS IN LOCAL BANKING ESTABLISHMENTS. END SUMMARY.

2. REACTION TO CUBAN RELATIONS DECISION.

THE COLOMBIAN PRESS AND PUBLIC HAVE NOT MADE A GREAT DEAL OF THE GOC DECISION TO SEEK RENEWED RELATIONS WITH CUBA. THE LIBERALS, FOR THE MOST PART, EXPRESSED APPROVAL OF THE DECISION. WHILE SOME EXPRESSED MISGIVINGS ABOUT THE MOVE, NO IMPORTANT LIBERAL PARTY POLITICIAN HAS CHOSEN TO MAKE AN ISSUE OF THE CUBAN QUESTION. CONSERVATIVE PARTY OPINION HAS BEEN SPLIT. THE PARTY DIRECTORATE WAS CRITICAL OF THE DECISION TO REOPEN RELATIONS, LARGELY ON THE MATTER OF DAMAGE TO THE OAS WHICH, THEY POINT OUT, IS A VALUABLE ENTITY FOR A NATION SUCH AS COLOMBIA, THAT HAS A CHRONIC BORDER PROBLEM WITH VENEZUELA. THE CONSERVATIVE PARTY MEMBERS OF THE LOPEZ CABINET, HOWEVER, EXPRESSED THEIR SUPPORT OF THE DECISION. A SIGNIFICANT COMMENT WAS THAT OF SENATE PRESIDENT AND "DESIGNADO" (VICE PRESIDENT) JULIO CESAR TURBAY, WHO SATED ENTHUSIASTIC SUPPORT FOR RENEWED CONTACTS WITH CUBA AND POINTED OUT THE POTENTIAL FOR TRADE BETWEEN THE TWO COUNTRIES. TURBAY IS EXPECTED TO BECOME COLOMBIAN AMBASSADOR TO THE UNITED STATES IN THE NEAR FUTURE.

3. GOC MOVES TO NATIONALIZE FOREIGN BANKS.

THE GOC RELEASED A DECREE FEB 24 DESIGNED TO LIMIT FOREIGN OWNERSHIP OF BANKS IN COLOMBIA TO 49 PERCENT. THE DECREE SETS UP A COMMISSION TO NEGOTIATE DIVESTITURE WITH THE SIX BANKS AFFECTED AND TO DRAFT LEGISLATIVE AND REGULATIONS IF NECESSARY. ONLY "PERSUASION" WILL BE UTILIZED AT THE PRESENT TIME SINCE NEW LEGISLATION WOULD BE REQUIRED TO REPLACE PREVIOUS DECREE-LAW PROVISIONS EXCEPTING FOREIGN BANKS FROM DIVESTITURE REQUIREMENTS. TWO U.S. BANKS, FIRST NATIONAL CITY AND BANK FOR AMERICA PLUA A SUBSIDIARY FINANCE COMPANY OF THE FORMER, WILL BE AFFECTED. IT IS STILL UNCLEAR HOW DIVESTITURE NEGOTIATION WILL BE CONDUCTED BUT PRELIMINARY INDICATIONS ARE THAT AT LEAST TWO U.S. BANKS

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PLUS THE ROYAL BANK OF CANADA WILL RESIST DIVESTITURE. REACTION BY THE FINANCIAL SECTOR IN COLOMBIA HAS BEEN QUITE NEGATIVE SINCE BOTH MINORITY-OWNED FOREIGN BANKS AND DOMESTIC BANKS FEAR THAT BY OPENING THE DOOR TO SUCH POLICY CHANGES THEY COULD BE SUBSEQUENTLY AFFECTED. REPORTS ALSO EXIST THAT THIS MAY ONLY BE A FIRST STEP IN A GENERAL SHIFT TO GREATER NATIONALISM ON THE PART OF THE GOC. WHILE IT IS TOO EARLY TO IDENTIFY TRENDS IN EITHER GOC POLICY OR INVESTOR CONFIDENCE, THIS MEASURE

CANNOT HELP BUT ERODE SOME OF THE LONG-ESTABLISHED HIGH REGARD
FOR THE INVESTMENT CLIMATE IN COLOMBIA.
(SEE BOGOTA 1790 AND 1876).
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C O N F I D E N T I A L SECTION 2 OF 2 BOGOTA 1968

4. PRESIDENT LOPEZ TO REPLACE GOVERNORS ON THE EVE OF THE
EXTRA-ORDINARY SESSION OF CONGRESS.
AS EXPECTED (BOGOTA 1860), AT THE REQUEST OF PRESIDENT LOPEZ,
ALL 22 DEPARTMENTAL GOVERNORS SUBMITTED THEIR RESIGNATIONS BY
THE END OF THE WEEK, THUS LEAVING THE PRESIDENT A FREE HAND IN
MAKING HCNANGES HE DEEMS NECESSARY. IT WAS NOT CLEAR HOW MANY
OF THE RESIGNATIONS WOULD FINALLY BE ACCEPTED, BUT THE GOVERNORS
OF CAUCA, HUILA (CONSERVATIVES), CHCO, SUCRE, TOLIMA AND POSSIBLY
BOLIVAR (LIBERALS) LOOKED LIKE THE MOST LIKELY CANDIDATES. ALL
HAVE BEEN UNDER NEARLY CONSTANT ATTACK BY POLITICAL OPPONENTS SINCE
THEY ASSUMED OFFICE LAST AUGUST. LOPEZ' SPEECH LAST WEEK
DEFENDING THE ACCOMPLISHMENTS OF HIS ADMINISTRATION
FAILED TO LIGHT FIRES EVEN AMONG HIS MOST ARDENT SUPPORTERS.
IN ADDITION, CERTAIN OF HIS PARTY'S CONGRESSMEN HAVE BEEN
THREATENING A REBELLION OVER THE NAMING OF A NEW COMPTROLLER
GENERAL WHICH COULD INTERFERE WITH THE THIRTY DAY EXTRA-

ORDINARY SESSION OF CONGRESS BEGINNING MARCH 11. SOME OF THE LIBERALS WHO WANT A LIBERAL COMPTROLLER GENERAL, IN VIOLATION OF LOPEZ CAMPAIGN PLEDGE TO NAME A CONSERVATIVE, SUCCESSFULLY PIG-EONHOLED THE REFORM LEGISLATION IN DECEMBER. LOPEZ HAS CALLED CONFIDENTIAL

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FOR LIBERAL UNITY DURING THE EXTRAORDINARY SESSION, WHICH IN ADDITION TO THE COMPTROLLER GENERAL REFORM BILL IS TO CONSIDER A PENAL REFORM BILL. THE SENATE IS ALSO EXPECTED TO APPROVE LOPEZ THREE DAY TRIP TO PANAMA BEGINNING MARCH 22 TO MEET WITH THE PRESIDENTS OF COSTA RICA, PANAMA AND VENEZUELA. FINALLY, THE LOPEZ ADMINISTRATION APPEARS TO BE FLOUNDERING IN THE FACE OF ECONOMIC PROBLEMS, INCLUDING RISING PRICES AND UNEMPLOYMENT. THE "CLEAR MANDATE" SEEMS TO BE ENTERING TROUBLED WATERS. THE TIMING OF THE REORGANIZATION OF THE DEPARTMENT LEADERSHIPS MAY BE DESIGNED TO TRADE OFF A FEW GOVERNORSHIPS FOR LIBERAL UNITY DURING THE EXTRAORDINARY SESSION OF CONGRESS AND TO BUY TIME WITH THE GENERAL PUBLIC BY DIVERTING ATTENTION TEMPORARILY TO "POLITICS" WHILE THE PRESIDENT TRIES TO REVITALIZE HIS ADMINISTRATION. THE NAMING OF NEW GOVERNORS MAY BE FOLLOWED IN THE NEXT FEW WEEKS BY A REORGANIZATION OR AT LEAST SOME CHANGES AT THE MINISTERIAL LEVEL.

5. DEA INVOLVED IN FIREFIGHT BETWEEN DAS AND CUSTOMS AGENTS. AN EXCHANGE OF GUNFIRE BETWEEN DAS (SECURITY POLICE)/AGENTS AND COLOMBIAN CUSTOMS AGENTS THE LATTER ACCOMPANIED BY TWO DEA REPRESENTATIVES, TOOK PLACE AT CLANDESTINE AIRFIELD IN VAUPES DEPARTMENT ON FEB 25 DURING AN ATTEMPT TO INTERCEPT MARIJUANA SHIPMENT (BOGOTA 1874). THE INCIDENT WAS A RESULT OF LACK OF COORDINATION BETWEEN THE THREE AGENCIES INVOLVED. CUSTOMS, ACTING UPON INFORMATION SUPPLIED BY DEA, ATTEMPTED SEIZURE WITH TWO DEA AGENTS PRESENT. UNAWARE OF CUSTOMS OPERATION, DAD THROUGH ITS OWN SOURCES LEARNED OF SHIPMENT AND ATTEMPTED SEIZURE AT SAME MOMENT. CONFUSION RESULTED IN ONE HOUR OF GUN FIRE WHICH CAUSED NO CASUALITIES. THE INCIDENT CREATED CONSIDERABLE ANGER AT HIGH LEVELS OF DAS, WHICH WAS INITIALLY DIRECTED AT DEA AGENTS ON THE SCENE, AND EARLY REPORTS INDICATED A PUBLIC ATTACK BY THE GOC AGAINST EMBASSY AND DEA MIGHT BE FORTHCOMING. HOWEVER, IN THE WAKE OF A MEETING BETWEEN DAS COMMANDER GEN. MATALLAN AND PRESIDENT LOPEZ, MATALLANA AND THE SECRETARY GENERAL OF CUSTOMS ISSUED A JOINT STATEMENT EMPHASIZING LACK OF COORDINATION BETWEEN COLOMBIAN AGENCIES AND MAKING ONLY PASSING REFERENCE TO DEA'S INVOLVEMENT. THE INCIDENT WILL PROBABLY RESULT IN TIGHTER CONTROL OVER DEA OPERATIONS, AND INCREASED DRUG ENFORCEMENT ROLE FOR DAS, AND IMPROVED COORDINATION BETWEEN THE COLOMBIAN AGENCIES.

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6. ECLA COMMITTEE OF EXPERTS.

A COMMITTEE OF HIGH LEVEL GOVERNMENT EXPERTS BEGINS MEETING IN BOGOTA MARCH 11, UNDER THE AUSPICES OF ECLA, TO STUDY THE IMPLICATIONS OF THE "NEW WORLD ECONOMIC ORDER" FOR LATIN AMERICA. PRESIDENT LOPEZ MAY INAUGURATE THE MEETING, WHICH WILL BE CHAIRED BY MINISTER OF ECONOMIC DEVELOPMENT RAMIREZ OCAMPO. BOTH ENRIQUE INGLESIAS AND RAUL PREBISCH ARE EXPECTED TO ATTEND, AND A NEWSPAPER REPORT SAYS VICE PRIME MINISTER CARLOS RAFAEL RODRIGUEZ MAY HEAD THE CUBAN DELEGATION.

7. SOVIET TRADE MISSION.

ALSO IN MARCH 11 A 10-MAN SOVIET MISSION, HEADED, BY THE VICE MINISTER OF FOREIGN TRADE, WILL ARRIVE. REPORTEDLY, THE MISSION IS COMING DIRECTLY FROM MOSCOW FOR NEW COMMERCIAL NEGOTIATIONS. THE USSR TRADES WITH COLOMBIA IN HARD CURRENCY. TWO IMPORT COMPENSATION AGREEMENT COUNTRIES ARE ALSO SENDING OFFICIAL TRADE MISSIONS. THE SPANIARDS ARE CURRENTLY IN TOWN AND THE YOGOSLAVS ARE DUE ON THE SAME DAY AS THE RUSSIANS.

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